

State of Michigan



Annual Report to the Governor

Calendar Year 2002



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Calendar Year 2002

Michigan Gaming Control Board
1500 Abbott Road, Suite 400
East Lansing, MI 48823

Submitted April 15, 2003
pursuant to the
Michigan Gaming Control & Revenue Act, as amended
(Public Act 69 of 1997)

Please direct inquiries to
Mr. Eric T. Bush, telephone (517) 241-0136

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www.michigan.gov/mgcb



JENNIFER GRANHOLM
GOVERNOR

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD
EAST LANSING

DAN GUSTAFSON
EXECUTIVE DIRECTOR

April 15, 2003

Honorable Jennifer Granholm
Governor of Michigan

It is my distinct pleasure to submit to you the 2002 annual report of the Michigan Gaming Control Board. This report, submitted in accordance with Section 15(1) of the Michigan Gaming Control and Revenue Act, as amended, Public Act 69 of 1997 ("the Act"), provides an overview of the major events and activities that have taken place during the past year.

At the close of the year, the founding executive director, Nelson Westrin, resigned his position. Mr. Westrin served the Board since its inception in 1997, and was instrumental in creating an agency that is nationally recognized for its integrity and innovation. The Board's new executive director, Dan Gustafson, brings a wealth of experience and ability to the position. His previous service as a state legislator and Chairman of the Liquor Control Commission has well prepared him to lead the Michigan Gaming Control Board.

The Board successfully moved its Detroit presence from the Albert Kahn Building to the newly renovated Cadillac Place. This move required care and a high degree of security in relocating many documents and records, along with sensitive and expensive equipment used by the Board, particularly in its licensing and laboratory testing applications.

As part of a program to treat those who are addicted to gaming, the Board continued to place individuals on a list of Disassociated Persons. The program has been well received and continues to expand. During the year, the Board approved 215 applications for voluntary placement on the list, which imposes a lifetime ban on being in a Detroit casino.

The Act provides that a State Wagering Tax be paid by the Detroit casino licensees to the State School Aid Fund to provide additional funding for K-12 public classroom education. In calendar year 2002, the combined State Wagering Tax paid by the three Detroit casino licensees totaled over \$91,000,000.

The Board continues in its commitment to protect the interests of the State and its citizens by faithfully and properly administering and enforcing the provisions of the Act.

Sincerely,

A handwritten signature in cursive script, reading "Roman S. Gribbs".

ROMAN S. GRIBBS

Chairman

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Mission Statement

"The Michigan Gaming Control Board shall ensure the conduct of fair and honest gaming to protect the interests of the citizens of the State of Michigan."

Introduction

In November 1996, Michigan voters approved Proposal E, authorizing the development of up to three licensed commercial casinos in Detroit. Proposal E subsequently took effect as law on December 5, 1996, as the Michigan Gaming Control & Revenue Act. The voter-initiated act established the Michigan Gaming Control Board (referred to as the "Board" or "MGCB") as a Type I agency within the Michigan Department of Treasury, exclusively responsible for licensing and regulating the three authorized Detroit casinos. In July 1997, the voter-initiated Act was substantially amended by the Michigan Legislature's enactment of Public Act 69 of 1997 (referred to as the "Act"). The amended Act provided for more stringent licensing criteria, substantially strengthened the licensing and regulatory authority of the Board, and provided for a system for collection of wagering taxes and fees for the City of Detroit and the State of Michigan.

The Board is comprised of five Michigan residents appointed by the Governor, with the advice and consent of the Senate. One member is designated by the Governor as the chairperson. Under the Act, no more than three members may belong to the same political party. The Michigan Legislature vested the Board with certain powers and duties specified in the Act, and such other powers necessary and proper to fully and effectively implement, administer and enforce the provisions of the Act relating to the licensing and regulation of authorized private commercial casino gaming in the City of Detroit.

Summary of the Michigan Gaming Control and Revenue Act



The Michigan Gaming Control & Revenue Act, as amended (Public Act 69 of 1997):

- Authorizes up to three licensed casinos in the City of Detroit (MGM Grand Detroit Casino was licensed in July 1999; MotorCity Casino was licensed in December 1999; Greektown Casino was licensed in November 2000)
- Creates the Michigan Gaming Control Board (a Type I agency within the Michigan Department of Treasury) and vests the Board with exclusive authority to license, regulate, and control casino gaming in the three authorized Detroit casinos
- Authorizes the Board to promulgate necessary administrative rules to properly implement, administer and enforce the amended Act
- Provides for the licensing, regulation, and control of casino gaming operations, manufacturers and distributors of gaming equipment and other casino suppliers, and casino and supplier employees
- Establishes standards and procedures for the issuance of casino licenses, casino supplier licenses, and occupational licenses, and the approval of gambling games and gaming equipment and devices
- Authorizes civil and criminal penalties for violation of the Act
- Authorizes and imposes certain state and city wagering taxes on casinos and various fees on casino, supplier and occupational licensees
- Requires the deposit of state casino wagering tax revenues in the state school aid fund for K-12 public education in Michigan
- Authorizes the City of Detroit to levy and collect wagering taxes and municipal services fees to defray the cost of hosting casinos and provide funding for police training and public safety programs, local economic development programs, youth development programs, capital improvements, local tax relief, and other programs to improve the quality of life in the City of Detroit
- Creates the state services fee fund to provide funding for the operations of the Board to license, regulate and control casino gaming; and for the state's compulsive gambling prevention program and other casino-related State programs

- Requires annual Board registration of local labor organizations that represent casino gaming employees
- Requires certain safeguards by casino licensees to prevent compulsive and underage gambling
- Prohibits political contributions by certain persons with interests in casino and supplier license applicants and licensees to state and local political candidates and certain committees
- Establishes certain requirements and safeguards for members, employees and agents of the Board, license applicants, licensees, and others involved in gaming to prevent conflicts of interest



The Michigan Gaming Control Board – Calendar Year 2002



Hon. Roman Gribbs, Chairman



Hon. ROMAN S. GRIBBS (appointed February 15, 2001 to fill the vacancy created by the resignation of Ms. Paula Blanchard, for a term expiring December 31, 2003) - Judge Gribbs retired in January 2001 from the Court of Appeals of Michigan. He began his career in public service as an Assistant Wayne County Prosecutor in 1956. Subsequently, he served as the Sheriff of Wayne County, 1968-1969; Mayor of Detroit, 1970-1974; and Judge of the 3rd Judicial Circuit (Wayne County) from 1975 to 1982. Judge Gribbs was elected to the Court of Appeals in 1982, and served until his retirement in January 2001. He was graduated from the University of Detroit in 1952, and from the University of Detroit Law School in 1954. Judge Gribbs resides in Northville.

Mr. Rich Davis



Mr. RICH DAVIS (one of five original appointees; reappointed in 1999 to four-year term expiring December 31, 2003) - Mr. Davis is the former director of the Michigan Department of State Police, attaining the rank of Colonel before his retirement in 1991. He began his career in law enforcement in 1958. He is a graduate of the FBI National Academy, FBI National Executive Institute, Michigan State University and Western Michigan University. After retiring from the Michigan Department of State Police, Mr. Davis served as executive director of the Michigan Trucking Association from 1991 until his retirement in January 1999. He resides in northern Michigan.

Hon. Geraldine Bledsoe Ford



Hon. GERALDINE BLEDSOE FORD (originally appointed in March 1999; reappointed in December 2000 to a four-year term expiring December 31, 2004) - Judge Ford retired in December 1998 from the Third Judicial Circuit Court of Michigan after an illustrious 46-year career in law. She is the first African American female judge in Michigan, the first African American woman to serve as an assistant US Attorney General, and the first African American woman to serve as an assistant corporation counsel for the City of Detroit. She was graduated from the University of Michigan and Wayne State University Law School. Judge Ford resides in Detroit.

Michigan Gaming Control Board cont'd.



Mr. Larry Garberding



Mr. LARRY GARBERDING (appointed in February 2002 to fill the vacancy created by the resignation of Mr. Thomas Denomme, for a term expiring December 31, 2004) - Mr. Garberding retired in December 2001 as the executive vice president of both Detroit Edison and DTE Energy where he has worked since 1990. Prior to becoming the executive vice president, he was also Detroit Edison's and DTE's chief fiscal officer. Before that, Mr. Garberding had been in various positions as president and chief financial officer for several corporations. He is also a CPA. Mr. Garberding resides in Grosse Pointe Farms.

Hon. Michael Stacey



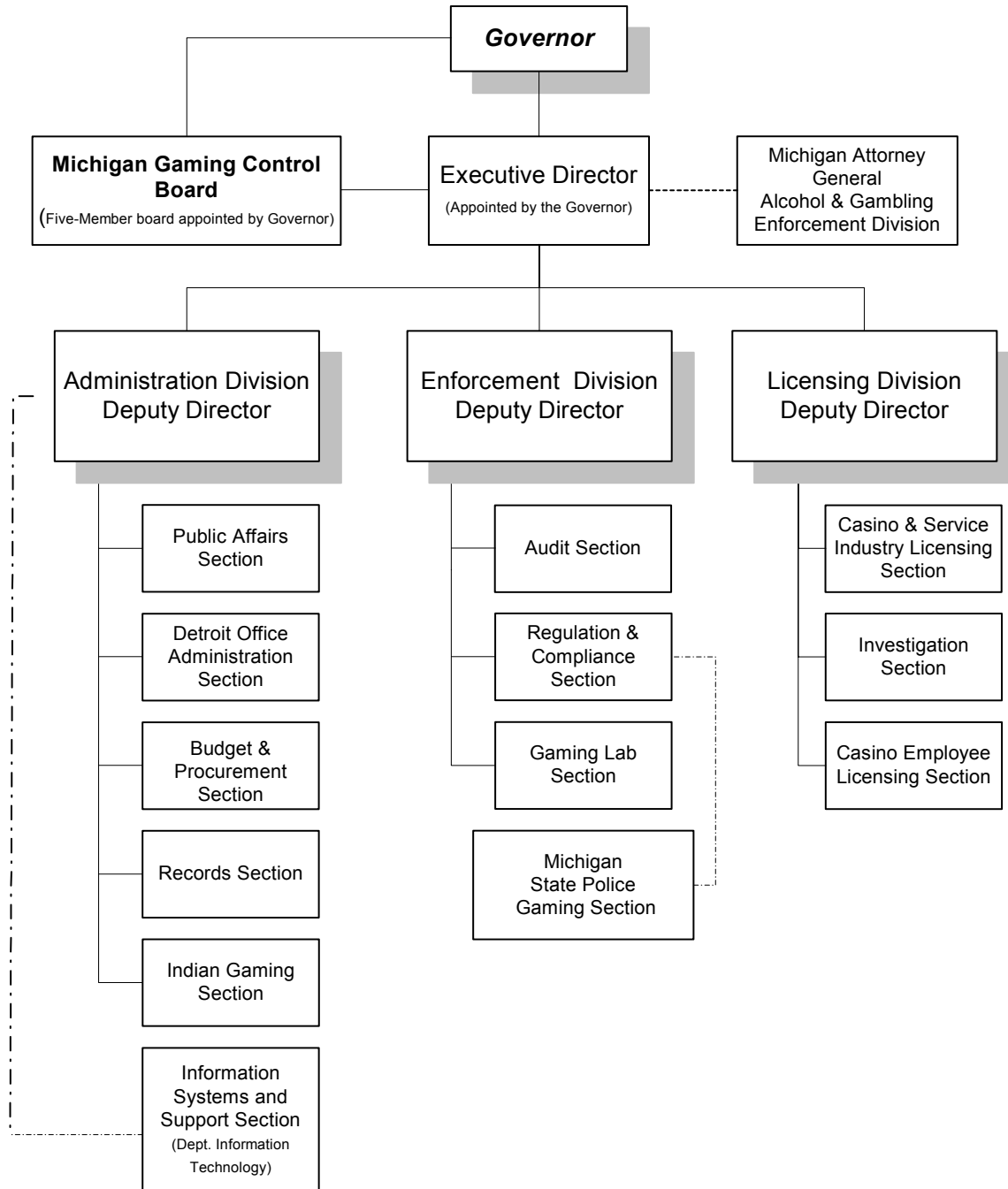
Hon. MICHAEL STACEY (one of five original appointees; reappointed in December 2002 to a four year term expiring December 31, 2006) - Retired from Wayne County Circuit Court in 1994, Judge Stacey has remained active in the legal profession, by assisting with alternative dispute resolution and serving as a visiting judge. He resides in Oakland County in southeast Michigan.



Organizational Chart



Michigan Department of Treasury Michigan Gaming Control Board



MGCB Staff – Calendar Year 2002



Executive Director
Executive Assistant

Mr. Dan Gustafson
Ms. Patty James

Administration Division

Deputy Director
Executive Assistant
Budget Officer
Budget Assistant
Departmental Analyst
Departmental Specialist
Detroit Departmental Supervisor
Detroit Office Administrator
Detroit Office Secretaries:

Ms. Nancy Horton
Ms. Laurie Lander
Mr. Robert Simon
Ms. Andrea Sanchez
Ms. Tammy Tubbs
Ms. Pam Aungst
Ms. Sandra Johnson
Mr. Larry Smith

Ms. Robin Simpson
Ms. Khristine Dyer

Ms. "Stina" Lyles
Ms. Simona Richardson

Document & Records Analyst
Documents & Records Technician
Documents & Records Technician
Documents & Records Technician
Information Systems Analysts:

Mr. Thomas Wilson
Ms. Sophia Griffin
Ms. Teri Miller
Mr. Patrick O'Keefe

Mr. Greg Campbell
Mr. Charlie Marengo

Ms. Jane Rademacher

Information Systems Program Manager
Information Systems Programmer
Indian Gaming Auditor
Network Administrator
Procurement Analyst
Public Affairs Director
Receptionist
Receptionist
Records Section Manager
Regulation Officer

Mr. Tom Barker
Mr. Joe Welz
Mr. Richard Sheaffer
Mr. Philip DuLong
Ms. Marina Kotsifis
Mr. Eric Bush
Ms. Geralyn Fedewa
Ms. Janet Sudac
Mr. Dan Ostrom
Mr. Pat Devlin

Enforcement Division

Deputy Director
Executive Assistant
Casino Audit Section Manager
Casino Compliance Manager
Gaming Lab Manager
Casino Auditors:

Mr. John Page
Ms. Kara Kabia
Ms. Theresa Willis
Mr. Brian McCafferty
Mr. Pat Leen

Ms. Lisa Forrest
Mr. Stratford Johnson

Mr. Cedric Knott
Mr. Abdul Mutahr

Information Systems Auditor

Mr. Rajesh Dharja

Gaming Laboratory Departmental Technician
Gaming Laboratory Departmental Technician
Gaming Laboratory Engineer
Gaming Laboratory Engineer
Gaming Laboratory Secretary
Gaming Specialist
Regulation Officers:

Ms. Tina Calamita
Ms. April Edmonds
Mr. Paul Flaherty
Ms. Cheryl Freeman
Ms. Mildred Holmes
Ms. Stacey Johnson
Mr. Donald Kalminski
Ms. Ginger Lewis
Ms. Laura McDonald
Ms. Gretchen Mink

Ms. Kristina Judge
Mr. Aaron Pongracz
Mr. Jim Bridgewater
Mr. Nader Jadallah
Ms. Beverly Kimbrough
Mr. Tom Bucia

Ms. LaTonya Morgan
Mr. Greg Nagel
Mr. Tom Novak
Mr. Randell Schnotala
Mr. Scott Thomas
Mr. Edward Thomson
Mr. John Trafelet
Mr. Joshua Travis
Mr. Henry Williams
Mr. Doug Zavorski

Licensing Division

Deputy Director
Executive Assistant
Casino & Service Industry Licensing Section Manager
Casino Employee Licensing Section Manager
Investigation Section Manager
Departmental Technicians:

Mr. Charles Benson
Ms. Charlotte Davidson
Ms. Sharon Henderson

Mr. Ben McMakin
Ms. Pam Trakul
Ms. Carol Flores
Mr. Nick Alagna
Mr. Rae Jim Burnett

Ms. Marcia Kibby
Ms. Denise Reece
Mr. Gary Washington

Financial Analyst
Financial Analyst
Licensing Section Secretary
Regulation Officers:

Ms. Joanne Chamberlain
Mr. Robert Peltier
Ms. Melissa Peters

Ms. Lisa Badalamenti
Mr. Barry Beck
Mr. Robert Braner, Jr.
Ms. Celesta Clarkson
Ms. Pam Duke
Mr. Gary Elliott

Mr. Dan Fields
Mr. Greg Kilbourn
Mr. Warren Lamb
Mr. Gary Peterson
Mr. Dale Thibodeau

The Michigan Attorney General and Michigan Department of State Police assigned specialized units to assist the MGCB in carrying out its statutory duties under the amended Act. The MGCB acknowledges the cooperation and assistance of these agencies and their respective staff members.

Michigan Attorney General, Alcohol and Gambling Enforcement Division

Assistant Attorney General in Charge
Division Head Secretary
First Assistant Attorney General

Mr. Eric Eggan
Ms. Randalyn Jegla
Mr. John M. "Jack" Cahill

Assistant Attorneys General:

Ms. Rhondi Keller
Ms. Bethany Scheib

Ms. Kandy C. Ronayne

Legal Secretaries:

Ms. Scheryl Brooks
Ms. Terri Pollack

Michigan Department of State Police, Gaming Section

Inspector
Detective First Lieutenant
Detective Lieutenants:

Ellis Stafford
Darwin Scott
Robert Honey
Harvie Jarriell
John Lessnau

Secretary:
Ms. Joy Curry

Computer Technician:
Detective Sergeants:

Mr. Ken Scroi

Art Andrews
Kelly Goynes
Joe Hanley

Frank McCrary
Marva Moore
Eric Old

Detective Specialists:

Mark Castillo
Sue Cato
Emerson Cox
William Dawson
Stephen Ford
Tonda Hill
Timothy Holme
John Keating
Mark Kellar

Frank Little
Theresa Maylone
Mark Miller
Charles Morehead
David Morikawa
Margie Richardson
Jennifer Schlaufman
Debra Stone
Brad Washburn



Activities of the Board



In calendar year 2002, the five-member Board was comprised of the following gubernatorial appointees:

- **Hon. Roman Gribbs** (appointed February 15, 2001 to fill vacancy created by resignation of Ms. Paula Blanchard, for a term expiring December 31, 2003) – Judge Gribbs was appointed chairman in 2002 to replace Mr. Thomas Denomme.
- **Mr. Rich Davis** (reappointed on December 31, 1999, to a four-year term expiring December 31, 2003).
- **Hon. Geraldine Bledsoe Ford** (reappointed in December 2000, to a four-year term expiring December 31, 2004).
- **Mr. Larry Garberding** (appointed to fill the balance of Mr. Thomas Denomme's term , which expires on December 31, 2004).
- **Hon. Michael Stacey** (reappointed in December 2002, to a four-year term expiring December 31, 2006).

BOARD MEETINGS

From its inception, the Board has encouraged public input regarding its policies, procedures, and activities related to licensing and regulating the three authorized Detroit casinos. To conduct Board business and inform and receive input from the public, the Board held ten public meetings in 2002. The meetings were held during evening hours to facilitate public attendance and participation. At its public meetings, the Board not only conducted its official business, but also provided the public and news media with opportunities to ask questions and offer comment regarding casino gaming issues, and the Board's relevant policies, procedures and activities.

The Board met at the Detroit Office located on the third floor of the Albert Kahn Building until August. In August, the meetings began at the new offices located at Cadillac Place (the former G.M. Building), 3062 West Grand Boulevard, Suite L-700, on the following dates:

February 12, 2002	August 13, 2002
March 12, 2002	September 17, 2002
April 9, 2002	October 15, 2002
May 14, 2002	November 19, 2002
June 11, 2002	December 10, 2002

The Board adjourned to Closed Session after each public meeting, to review confidential materials that were part of casino license applications and applications for placement on the Board's Disassociated Persons List, and thus protected from public review and disclosure under Sections 4c and 25 of the Michigan Gaming Control & Revenue Act, as amended, Public Act 69 of 1997, MCL 432.204c and MCL 432.225(4)(c). Closed Sessions are not open to the public, nor are minutes of such sessions available to the public, under Michigan's Open Meetings Act, as amended, Public Act 267 of 1976. All Board meetings, whether open or closed, are held in accordance with Michigan's Open Meetings Act.

BOARD RESOLUTIONS

The Board adopted five resolutions in calendar year 2002:

Resolution No. 2002-01 (Adopted 4-09-02) - A Board Resolution Acknowledging The Contributions and Accomplishments of Former Board Member and Chairperson Thomas G. Denomme and Commending Him For Distinguished and Honorable Service to the Michigan Gaming Control Board and the People of the State of Michigan

Resolution No. 2002-02 (Adopted 4-09-02) - A Board Resolution Regarding Delegation of Authority to the Executive Director to Approve or Deny Requests for Occupational License Renewal. Pursuant to Board Administrative Rule 341, MR 432.1341

Resolution No. 2002-03 (Adopted 5-14-02) - A Board Resolution Acknowledging and Commending Michigan State Police Captain Dewayne P. Brantley For His Outstanding Service to the Michigan Gaming Control Board

Resolution No. 2002-04 (Adopted 8-13-02) - A Board Resolution Waiving the Requirements in Board Rules 339(2)(a) and (11)(a)(iii), MR 432.1339(2)(a), (11)(a)(iii), that Occupational Licenses and License Identification Badges Contain and Display the Applicant's Job Title

Resolution No. 2002-05 (Adopted 12-10-02) - A Board Resolution Acknowledging The Contributions and Accomplishments of Executive Director and Commending Him For Distinguished and Honorable Service to the Michigan Gaming Control Board and the People of the State of Michigan

Notable Board Accomplishments



In calendar year 2002, the Board and its staff achieved many notable accomplishments.

- Conducted the Board's official business at ten (10) public meetings within the City of Detroit, providing the public with ample opportunity to observe and offer comment in regard to the Board's official actions and other casino gaming-related issues
- The MGCB Detroit office, located on the third floor of the Kahn Building, was closed and relocated in the Cadillac Place Building (formerly the GM Building) at 3062 West Grand Boulevard, Suite L 700 in July
- The Board's toll free Application Request Telephone Line 1-888-223-3044 received and mailed 122 requests for the Disassociated Persons List Applications in 2002
- The Board approved 215 applications for voluntary placement on the Board's Disassociated Persons List, thereby banning the applicants for life from all three licensed Detroit casinos, as treatment for problem gambling
- Provided an improved website with timely and accurate information to thousands of visitors to the Michigan Gaming Control Board Internet website (www.michigan.gov/mgcb)
- Worked closely with the Michigan Department of State Police Gaming Section in the regulation and daily monitoring of casino gaming operations at all three licensed Detroit casinos, in accordance with the requirements of the Act and the Board's administrative rules
- Reimbursed all operational costs of the Michigan State Police Gaming Section and the Attorney General Alcohol and Gambling Enforcement Division for requested investigative and legal assistance provided to the Board in 2002, pursuant to the Act
- Completed 312 daily tax return reviews at the Detroit casinos. To verify the validity and accuracy of gaming revenue reported to the State of Michigan, the Audit Section randomly reviewed the Daily Tax Form as submitted by the casinos
- Lab operations were successful in decreasing lab submissions times by 45% in 2002.
- Processed 1,352 separate lab submissions by 12 different licensed manufacturers in 2002
- Implemented the revised field verification process in which the licensee submitted all software to the gaming lab for instruction testing and approval. This has resulted

in a more efficient use of limited field staff. In 2002 lab field staff have hashed and returned to the casinos, a total of 16,675 separate EPROMs

- Resolved 79 patron disputes. Patron disputes are disputes that a patron has regarding winnings and losses, or the conduct of gaming at the casino
- Completed 33 minor investigations. These investigations were completed because persons under 21 shall not be in areas where gaming is conducted
- Closed 174 investigations. The investigations consisted of all aspects of casino operations from financial transactions, internal procedural violations, to security operations
- Closed 2 disassociated person investigations. A dissociated person is an individual who has notified the Board in writing of their pledge not to visit a casino in Michigan because that individual believes that they have a gambling problem and are seeking treatment
- Issued 22 annual supplier licenses, denied 1 supplier license, and renewed 1 supplier license, after completion of the required background investigations of the license applicants, pursuant to the Act and the Board's Administrative Rules
- Issued 3 new temporary supplier licenses, pending completion of required background investigations of the applications, pursuant to the Act, the Board's Administrative Rules, and Board Resolution No. 1998-07
- Registered 271 unlicensed casino vendors, authorizing them to provide goods and services to casino licensees, in accordance with the Act and Board Resolution No. 1998-07
- Exempted 38 additional business entities from supplier licensing requirements, pursuant to the Act and Administrative Rules and Resolutions of the Board, after the Board determined that licensing of these business entities was not necessary to protect the public interest or accomplish the policies and purposes of the Act
- Concluded and resolved major disciplinary action against Greektown Casino, L.L.C. and Millennium Management Group, L.L.C., Case No. DA-2002-01, as follows:
 1. Casino Licensee Greektown Casino, L.L.C. was fined a total of \$300,000 for:
 - A. Failure to obtain written contracts for certain transactions
 - B. Failure to obtain three competitive bids
 - C. Failure to exercise reasonable care to ensure that it was transacting business with licensed suppliers and/or registered vendors

2. Supplier Licensee Millennium Management Group, L.L.C., (management company contracted by Greektown Casino, L.L.C.) was fined \$100,000 for its acknowledged violations in this matter, both for its own actions and those performed on behalf of Greektown Casino, L.L.C.

- Processed over 1,790 temporary occupational license applications and issued over 1,640 temporary licenses, in accordance with the Act and Board rules
- Granted 3,385 two-year occupational licenses and denied a total of 15 occupational license applications, after completion of the required background investigations
- Renewed 76 occupational licenses after completion of the required renewal background investigations



Minors and Compulsive Gambling



ANNUAL UNDERAGE AND COMPULSIVE GAMBLING STUDIES

Section 15(2) of the Act, MCL 432.215(2) requires that each casino licensee conduct an annual study on minors and compulsive gaming. Section 15(1) of the Act further requires that the Board include certain information regarding minors on casino premises, which each licensee must compile as part of their annual study. Following is a summary chart of the required information compiled and reported by each of the three Detroit casino licensees in their respective annual studies on minors and compulsive gaming for calendar year 2002.

Casino Licensees' Reported Contacts with Minors on Licensed Casino Premises During Calendar Year 2002

	MGM Grand 1/1/02 - 12/31/02	MotorCity 1/1/02 - 12/31/02	Greektown 1/1/02 - 12/31/02
1. The number of minors who were denied entry into the casino.	5,635	6,200	856
2. The number of minors who were physically escorted from the casino premises.	21	11	20
3. The number of minors who were detected participating in gambling games other than slot machines.	3	5	9
4. The number of minors who were detected using slot machines.	2	2	4
5. The number of minors who were taken into custody by a law enforcement agency on the casino premises.	20	11	2
6. The number of minors who were detected illegally consuming alcohol on the casino premises.	2	1	1

Board Revenues and Expenditures



State Services Fee Fund

Section 12a of the Act, MCL 432.212a, provides that all casino-related regulatory and enforcement costs, compulsive gambling programs, and other casino-related programs, activities and services conducted by the Board, the Michigan Department of State Police, the Michigan Department of Attorney General, the Michigan Department of Community Health and other state agencies shall be paid from annual fees assessed on the three Detroit casino licensees. Under the Act, each casino licensee is required to pay an annual assessment fee on or before the date on which the licensee first began operating its casino and each year, thereafter, on that date. The amount of each licensee's annual assessment is equal to $\frac{1}{3}$ of \$25,000,000.00 adjusted annually by multiplying the previous year's assessment by the Detroit consumer price index, as defined and reported by the United States Department of Labor, Bureau of Labor Statistics. Based on this formula, each of the three Detroit casino licensees were assessed and paid a total \$26,629,862.00 for calendar year 2002 and \$26,454,864.33 for fiscal year 2002.

From the annual assessment fees paid each year by the licensees, \$2,000,000.00 must be deposited in the state's Compulsive Gaming Prevention Fund, to be used exclusively for the treatment, prevention, education, training, research and evaluation of pathological gamblers and their families, as determined by the director of the Michigan Department of Community Health. All of the remaining fees paid by the licensees must be deposited in the State Services Fee Fund, which was created within the Department of Treasury, and is administered by the Michigan Gaming Control Board, under the Act.

Distributions from the State Services Fee Fund may only be made by the Legislature through the appropriations process and only for necessary related services provided to the Board.

Application and License Fees, Fines and Costs

The Board is also authorized by the Act to assess and collect various license application fees to cover the Board's cost of conducting required background investigations of applicants for casino, supplier and occupational licenses under the Act. After an applicant is determined eligible and suitable for licensure, the Act also authorizes the Board to assess and collect license fees for both the initial issuance and subsequent renewal of casino, supplier and occupational licenses. In addition to application and license fees, the Act also authorizes the Board to impose fines and order reimbursement of investigative and enforcement costs as disciplinary actions to penalize violators of the Act or administrative rules of the Board.

In calendar year 2002, the Board collected application and license fees and other authorized fees, fines and reimbursement costs totaling \$2,364,421.46. All of these fees, fines and reimbursed costs assessed and collected by the Board in calendar year 2002 were deposited in the State Casino Gaming Fund, which was created within the Department of Treasury and is administered by the Michigan Gaming Control Board, in accordance with the Act.

Board Financial Statement

Section 15(1) of the Act, MCL 432.215(1), requires that the Board's Annual Report include an account of the Board's financial position and results of operation under the Act, during the period covered by the report. While the Board, like other state agencies, operates on a fiscal year (October 1 – September 30) basis, the Act requires that the Board's Annual Report be based on the calendar year. To give a more comprehensive account of the Board's financial position and results of operation under the Act, the following financial statement of the Board reports the Board's revenues and expenditures for both calendar year 2002 and fiscal year 2002 (with the figures rounded to the nearest thousand).



Michigan Gaming Control Board Financial Statement

REVENUES

State Casino Gaming Fund	<u>Fiscal Year 2002</u>	<u>Calendar Year 2002</u>
Casino/supplier fees and fines	400.0	400.0
Other	0.7	1.3
 State Services Fee Fund		
Annual assessments	26,454.9	26,629.9
<u>Application Fees:</u>		
Casinos	58.4	62.0
Suppliers	207.1	207.4
Occupational	270.2	243.0
<u>License Fees:</u>		
Casinos	50.0	75.0
Suppliers	150.0	185.0
Occupational	313.3	330.0
<u>Other fees</u>	37.9	36.4
 Native American Casino Fund		
Oversight fees	191.8	344.1
 Lab Fund		
Testing fees	389.4	480.3
Total Revenue	28,523.6	28,994.3

EXPENDITURES

State Services Fee Fund		
Board	45.3	48.1
Administration	11,743.4	11,701.3
Background investigations	644.2	644.6
Prior year work projects	424.0	382.2
Internal database	452.3	452.3
 Native American Casino Fund	191.0	191.4
 Lab Fund	371.3	436.9
Total Expenditures	13,871.4	13,856.9

OPERATING TRANSFERS

State Services Fee Fund

Community Health (Compulsive Gaming Prevention Fund)	2,000.0	2,000.0
General Fund	13,786.0	13,786.0
Grant to the Department of Agriculture	1,300.0	0.0
Department of Agriculture appropriation- P. A. 53 of 2001	3,555.8	0.0
Other	302.6	478.4

Native American Casino Fund	0.8	0.8
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Lab Fund	1.5	1.5
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Total Operating Transfers	20,946.6	16,266.7
Total Expenditures and Operating Transfers	34,818.0	30,123.6

Footnotes:

1. Per Section 603 of Public Act 530 of 2002, a fiscal year 2002 year-end entry was recorded to transfer \$13,786 million from the State Services Fee Fund to the State's General Fund.
2. Department of Management and Budget- Office of Financial Management reviewed and approved data as published.
3. Governmental fund types are accounted for using the modified accrual basis of accounting.



Casino Revenues & State Wagering Taxes



STATE CASINO WAGERING TAX

Section 12 of the Act, MCL 432.212, imposes an 8.1% State Wagering Tax on the adjusted gross receipts received by each Detroit casino licensee from casino gaming authorized by the Act. The Act defines “adjusted gross receipts” as being the licensee’s gross gaming receipts less winnings paid to wagerers.

The 8.1% State Wagering Tax paid by the Detroit casino licensees is deposited in the State School Aid Fund to provide additional funds for K-12 public classroom education. In calendar year 2002, the combined 8.1% State Wagering Taxes paid by the three Detroit casino licensees and deposited in the State School Aid Fund totaled \$91,136,623.53. Since the first casino was licensed and began operations in July 1999, the State School Aid Fund has received a total of \$248,200,899.64 in State Wagering Taxes paid by the three Detroit casino licensees through the end of calendar year 2002.

Following is a monthly and annual summary of the adjusted gross receipts and State Wagering Tax payments for the three Detroit casino licensees from July 1999 through the end of calendar year 2002:

Casino Revenues & Wagering Taxes 1999

	MGM GRAND DETROIT		MOTORCITY CASINO		GREEKTOWN CASINO		(All Detroit Casinos)	
Month	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Gross Receipts	Total State Wagering Tax (8.10%)
July	\$4,818,554.11	\$390,302.88	-	-	-	-	\$4,818,554.11	\$390,302.88
August	\$35,206,963.97	\$2,851,764.08	-	-	-	-	\$35,206,963.97	\$2,851,764.08
September	\$33,951,508.55	\$2,750,072.19	-	-	-	-	\$33,951,508.55	\$2,750,072.19
October	\$34,457,655.34	\$2,791,070.08	-	-	-	-	\$34,457,655.34	\$2,791,070.08
November	\$33,753,191.20	\$2,734,008.49	-	-	-	-	\$33,753,191.20	\$2,734,008.49
December	\$31,491,239.05	\$2,550,790.36	\$14,759,589.25	\$1,195,526.73	-	-	\$46,250,828.30	\$3,746,317.09
Total	\$173,679,112.22	\$14,068,008.09	\$14,759,589.25	\$1,195,526.73	-	-	\$188,438,701.47	\$15,263,534.82

Casino Revenues & Wagering Taxes 2000

	MGM GRAND DETROIT		MOTORCITY CASINO		GREEKTOWN CASINO		(All Detroit Casinos)	
Month	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Gross Revenues	Total State Wagering Tax (8.10%)
January	\$32,458,134.63	\$2,629,108.91	\$22,742,714.82	\$1,842,159.90	-	-	\$55,200,849.45	\$4,471,268.81
February	\$30,953,211.30	\$2,507,210.12	\$23,033,091.15	\$1,865,680.38	-	-	\$53,986,302.45	\$4,372,890.50
March	\$37,511,192.05	\$3,038,406.56	\$25,177,767.41	\$2,039,399.16	-	-	\$62,688,959.46	\$5,077,805.72
April	\$34,198,920.36	\$2,770,112.55	\$25,988,688.06	\$2,105,083.73	-	-	\$60,187,608.42	\$4,875,196.28
May	\$33,765,674.10	\$2,735,019.60	\$26,550,564.81	\$2,150,595.75	-	-	\$60,316,238.91	\$4,885,615.35
June	\$31,422,116.80	\$2,545,191.46	\$27,390,357.23	\$2,218,618.94	-	-	\$58,812,474.03	\$4,763,810.40
July	\$36,528,965.25	\$2,958,846.19	\$29,794,583.93	\$2,413,361.30	-	-	\$66,323,549.18	\$5,372,207.48
August	\$33,160,279.83	\$2,685,982.67	\$28,565,714.45	\$2,313,822.87	-	-	\$61,725,994.28	\$4,999,805.54
September	\$34,396,641.93	\$2,786,128.00	\$28,003,948.71	\$2,268,319.85	-	-	\$62,400,590.64	\$5,054,447.84
October	\$34,143,474.63	\$2,765,621.45	\$29,011,313.79	\$2,349,916.42	-	-	\$63,154,788.42	\$5,115,537.86
November	\$28,945,346.53	\$2,344,573.07	\$26,729,451.67	\$2,165,085.59	\$13,636,392.00	\$1,104,547.75	\$69,311,190.20	\$5,614,206.41
December	\$29,751,377.52	\$2,409,861.58	\$22,758,778.35	\$1,843,461.05	\$17,014,267.55	\$1,378,155.67	\$69,524,423.42	\$5,631,478.30
Total	\$397,235,334.93	\$32,176,062.13	\$315,746,974.38	\$25,575,504.92	\$30,650,659.55	\$2,482,703.42	\$743,632,968.86	\$60,234,270.48

Casino Revenues & Wagering Taxes 2001

	MGM GRAND DETROIT		MOTORCITY CASINO		GREEKTOWN CASINO		(All Detroit Casinos)	
Month	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Gross Revenues	Total State Wagering Tax (8.10%)
January	\$27,531,158.35	\$2,230,023.83	\$27,734,835.66	\$2,246,521.69	\$18,326,007.55	\$1,484,406.61	\$73,592,001.56	\$5,960,952.13
February	\$28,032,821.35	\$2,270,658.53	\$27,995,759.75	\$2,267,656.54	\$19,718,880.98	\$1,597,229.36	\$75,747,462.08	\$6,135,544.43
March	\$31,969,009.25	\$2,589,489.75	\$31,890,473.71	\$2,583,128.37	\$22,403,377.25	\$1,814,673.56	\$86,262,860.21	\$6,987,291.68
April	\$28,147,244.28	\$2,279,926.79	\$29,744,000.27	\$2,409,264.02	\$20,203,624.10	\$1,636,493.55	\$78,094,868.65	\$6,325,684.36
May	\$29,620,962.68	\$2,399,297.98	\$28,892,271.27	\$2,340,273.97	\$21,460,104.51	\$1,738,268.47	\$79,973,338.46	\$6,477,840.42
June	\$29,953,124.70	\$2,426,203.10	\$28,141,924.64	\$2,279,495.90	\$21,977,862.01	\$1,780,206.82	\$80,072,911.35	\$6,485,905.82
July	\$30,140,278.83	\$2,441,362.59	\$28,612,706.18	\$2,317,629.20	\$22,743,923.66	\$1,842,257.82	\$81,496,908.67	\$6,601,249.60
August	\$30,357,105.65	\$2,458,925.56	\$31,100,472.73	\$2,519,138.29	\$26,254,526.30	\$2,126,616.63	\$87,712,104.68	\$7,104,680.48
September	\$30,951,206.57	\$2,507,047.73	\$29,743,520.53	\$2,409,225.16	\$24,500,227.89	\$1,984,518.46	\$85,194,954.99	\$6,900,791.35
October	\$33,169,099.85	\$2,686,697.09	\$32,587,938.80	\$2,639,623.05	\$27,252,501.23	\$2,207,452.60	\$93,009,539.88	\$7,533,772.73
November	\$32,630,501.70	\$2,643,070.64	\$31,541,904.91	\$2,554,894.30	\$27,261,309.56	\$2,208,166.07	\$91,433,716.17	\$7,406,131.01
December	\$33,633,346.75	\$2,724,301.09	\$33,048,959.46	\$2,676,965.72	\$27,720,493.14	\$2,245,359.94	\$94,402,799.35	\$7,646,626.75
Total	\$366,135,859.96	\$29,657,004.68	\$361,034,767.91	\$29,243,816.21	\$279,822,838.18	\$22,665,649.89	\$1,006,993,466.05	\$81,566,470.76

Casino Revenues & Wagering Taxes 2002

	MGM GRAND DETROIT		MOTORCITY CASINO		GREEKTOWN CASINO		(All Detroit Casinos)	
Month	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Gross Receipts	Total State Wagering Tax (8.10%)
January	\$35,225,125.14	\$2,853,235.14	\$33,345,361.87	\$2,700,974.31	\$26,191,327.25	\$2,121,497.50	\$94,761,814.26	\$7,675,706.95
February	\$33,891,692.10	\$2,745,227.06	\$33,557,628.15	\$2,718,167.88	\$26,923,120.80	\$2,180,772.78	\$94,372,441.05	\$7,644,167.73
March	\$35,763,563.63	\$2,896,848.65	\$37,282,523.71	\$3,019,884.42	\$29,304,762.19	\$2,373,685.74	\$102,350,849.53	\$8,290,418.82
April	\$34,989,268.04	\$2,834,130.71	\$33,881,475.66	\$2,744,399.53	\$28,257,952.35	\$2,288,894.14	\$97,128,696.05	\$7,867,424.38
May	\$33,603,150.03	\$2,721,855.15	\$33,885,981.07	\$2,744,764.47	\$27,811,202.65	\$2,252,707.42	\$95,300,333.75	\$7,719,327.03
June	\$30,729,140.13	\$2,489,060.35	\$32,864,130.97	\$2,661,994.61	\$24,891,440.93	\$2,016,206.71	\$88,484,712.03	\$7,167,261.67
July	\$30,817,595.67	\$2,496,225.25	\$34,576,497.84	\$2,800,696.33	\$28,070,250.86	\$2,273,690.32	\$93,464,344.37	\$7,570,611.89
August	\$31,371,393.48	\$2,541,082.87	\$35,449,122.06	\$2,871,378.89	\$28,803,846.28	\$2,333,111.55	\$95,624,361.82	\$7,745,573.31
September	\$32,210,963.77	\$2,609,088.07	\$31,430,824.13	\$2,545,896.75	\$25,688,839.87	\$2,080,796.03	\$89,330,627.77	\$7,235,780.85
October	\$32,367,494.76	\$2,621,767.08	\$31,855,118.45	\$2,580,264.59	\$27,938,265.50	\$2,262,999.51	\$92,160,878.71	\$7,465,031.18
November	\$31,901,730.15	\$2,584,040.14	\$30,300,866.61	\$2,454,370.20	\$28,041,184.39	\$2,271,335.94	\$90,243,781.15	\$7,309,746.27
December	\$32,110,576.37	\$2,600,956.69	\$34,084,011.99	\$2,760,804.97	\$25,726,071.61	\$2,083,811.80	\$91,920,659.97	\$7,445,573.46
Total	\$394,981,693.27	\$31,993,517.15	\$402,513,542.51	\$32,603,596.94	\$327,648,264.68	\$26,539,509.44	\$1,125,143,500.46	\$91,136,623.53





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